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Fact Sheet

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Business Tax Plan Offers the Wrong Response To America's Manufacturing Crisis

The Manufacturing Crisis and the Need for Business Tax Reform

Manufacturing in Ohio and nationwide is in crisis. Ohio has lost more than 170,000 manufacturing jobs since 2001, and the nation has lost more than 2 million. Tax policy, which makes no distinction between businesses that ship jobs overseas and those that do not, contributes to this economic devastation.

The tax law's foreign sales corporation (FSC) and extraterritorial income (ETI) provisions were intended to help U.S. businesses remain competitive in the global marketplace, but the World Trade Organization (WTO) ruled that both provisions are illegal export subsidies. If Congress fails to act, American manufacturing and agriculture businesses face WTO tariffs of \$4 billion a year.

The Crane-Rangell Bill (HR 1769)

- True reform that uses the tax code to reward companies that produce in America and employ U.S. workers – a firm making 100% of its goods in the U.S. gets 100% of the bill's benefits, 50% American production means half the tax benefit
- Includes small family businesses – all sole proprietorships and partnerships benefit, not just corporations
- Bipartisan legislation with about 170 cosponsors split almost evenly between Republicans and Democrats
- Endorsed by both the National Association of Manufacturers and the AFL-CIO
- Budget-neutral, adding nothing to the national debt

The Republican Conference Bill (HR 4520)

- Does nothing to distinguish between companies that produce in America and those that ship American jobs overseas – throws tens of billions of tax giveaways at giant multinational corporations
- Does not include most small businesses, focusing instead on favored industries like bow and arrow companies and alcoholic beverage firms.
- Divisive partisan bill opposed by AFL-CIO and Taxpayers for Common Sense
- Uses budget tricks to conceal the long-term cost of \$145 billion in tax giveaways to corporate special interests

The Wrong Policy for Ohio and America

Manufacturing has been the foundation of Ohio's economy for a century, and the Republican conference bill offers the wrong response to Ohio's manufacturing crisis. Congressman Brown opposed the bill and voted to ask congressional leaders to bring the bipartisan Crane-Rangel bill to the floor.